

SUPERMARKET & RETAILER



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ISSUE 7, 2020 www.supermarket.co.za



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your customers
through
an amazing
butchery**

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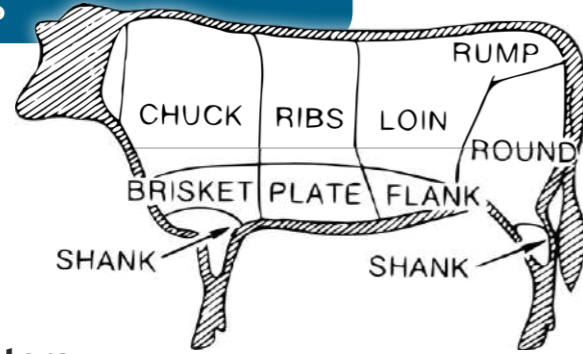
**The move towards virtual,
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Kindness, transparency and convenience



Helen Maister

We are coming out of this moment in time a little bruised and battered, but coming out none-the-less. The inability to forecast the future with past trends has left things uncertain. Some have pivoted like prima ballerinas and others have been holding their breath like champion free divers, waiting for the worst to be over.

No matter how you have been able to get through the past seven months, we have seen a resounding care for others through the many projects that were launched during lockdown to aid the many who didn't have.

Humanity is slightly fragile right now and the remedy is kindness

The key words on everyone's lips at the beginning of the year was 'pivot' and 'agile'. What I'm hearing more of is the word 'kindness'... Be kind to yourself, be kind to others. Kindness goes a long way to inspire trust in your brand.

Butchery

The in-store butchery is one of the best drawcards for a store to connect with its meat-eating customers – who are, in South Africa, still the majority of consumers. This popular department is a sure-fire way to turn your store into a destination shop, building differentiation through innovative and quality meat product offerings, which can grow your reputation through word of mouth or social media conversations. In our Butchery feature, Maguerite Sanders takes us through butchery trends.

Back-to-school

Managing the virus means that children, teachers and parents have to deal with the new realities of a changed learning environment. What this means for retailers is adapting the BTS strategy, catering for home schooling, remote learning and the changing needs of learners where tablets and data are fast becoming staple necessities.

Meanwhile the traditional requirements of stationery, books and other necessities still exist, particularly for younger learners – so there is a blending of the old and the new. This may mean that the back to school buying spike will partially morph into more consistent and

regular sales, as parents adapt to digital requirements where costs may need to be staggered throughout the school year. Xenia Kyriacou investigates online shopping, cross merchandising, digital resources and more.

In our other features

The coronavirus pandemic has hampered companies' go-to-market strategies everywhere, but nowhere has the disruption been more severe than in emerging markets. Once the crisis has receded enough for businesses to start bouncing back, emerging markets will experience a reset in demand. However, there will also be a dramatic change in the shape of demand on the front line.

Covid-19 has already significantly disrupted sales teams' traditional activities. There are many unknowns ahead, but one certainty is that go-to-market approaches must fundamentally change.

Preparing for the rebound requires a different mind-set. Stefano Niavas, Managing Director & Partner at BCG sees five imperatives in the rebound phase.

Find the balance between mercy and severity – be kind and make money!

Helen Maister

Helen Maister



Your dog just doesn't care – but he does



Aki Kalliatakis

Delight your customers

aki@leadershiplaunchpad.co.za

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In this series of Supermarket & Retailer's articles, we share stories of what some organisations and managers have done to motivate and inspire their teams. We give you practical ideas of what you can do to create the most amazing, customer-driven company in the world.



“Buddy taught me a few lessons that day, and one of them was to just accept the things that are out of my control, and to not get so wrapped up in my own self-inflicted misery.”

You have no doubt seen the Alcoholics' Serenity Prayer, which goes something like this: “God, grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference.”

A few days ago I had an argument with my dog. We just experienced yet another of the now regular and irritating power failures, so I went to start the generator and discovered that Buddy had chewed the wires.

I was furious.

So there I was, absurdly bellowing at him. Buddy didn't respond. He doesn't care, and he doesn't have a clue. He doesn't know how to fix my problem, and knows nothing about how to change the predicament I was in. And he certainly can't

argue back at me. It didn't matter how upset I was, but he did look up at me a bit confused, and expectantly and optimistically wagging his tail.

When I managed to calm down a few minutes later, having included a few rants about Eskom, (whose management team, incidentally, cares just about as little as Buddy does, and is equally clueless about how to help,) I realised how futile this all was. I actually apologised to him, and patted him, and he was delighted to see that my mood had changed. You see...

In short, my first lesson was that it is ludicrous and meaningless to doing something that is so ineffective and vain. We all know that there is definitely a certainty that you and I will be thrown a lot of curved balls every day that could wreck our day...

- Computers and software crashing
- Putting in a huge effort to accomplish something and it's not even noticed by others
- World events – and ineffective leaders who seem unable to deal with them



- Losing deals with clients, or waiting for them to come back to you to tell you that you got the job
- And most of all, people who say nasty or strange things to us, either-face-to-face or anonymously in social media.

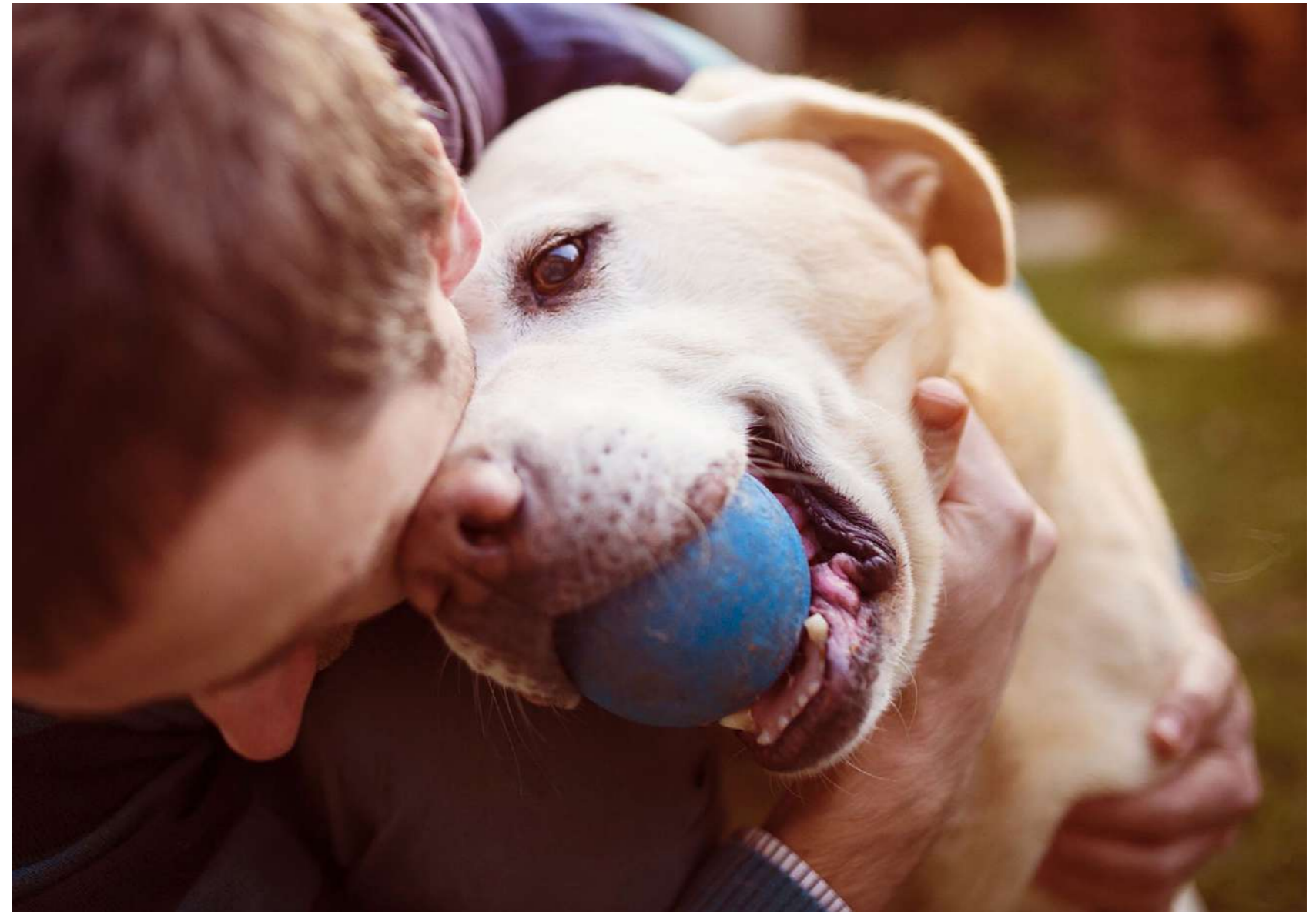
You know exactly what I mean, and you could probably add many of your own examples here. Most of the time, this self-indulgent behaviour is a waste of my time. I have a choice here: I can (and sometimes do) get frustrated or exasperated, and my blood pressure just shoots through the roof. But I can also just accept things for what they are. If I just let it go and move on, it always works out as the better choice.

Is your sense of enthusiasm and passion important to you? Does the way you spend your precious time mean something valuable for you?

“ If you're able to focus on the things that you can change, and also make a positive difference to yourself and others, it has a way of coming back to you. ”

How many times have you heard, “we get back what we give out”? It seemed so true that morning with my dog.

At my age I know that taking these types of things personally is a complete waste of time and energy. I wonder how many hours I've spent getting upset and stressing over things that have already



happened. I wonder how much time I've wasted over something that someone said that upset me, and that they have already forgotten about. How many times have I compulsively looked at my blogs and comments, and desperately looked for anyone who has commented? What useless thoughts have filled my brain?

And while I've been doing all of this, what have I not been doing? How much time did I not spend with my family or my friends, or just doing

something that I enjoy?

You see, what Buddy did that morning was highlight to me that the result of all the fussing is... nothing. A big zero. I got absolutely nowhere. On the contrary, it's almost as if I bent down and picked up a huge rock to carry around with me all day.

But what happened after my fuming rage was the most important thing: when I relaxed and bent over to pat him, I felt a million times better,

and he was beside himself with excitement. His relief and his enthusiasm made it all better for me too, and re-energised me. (And I was calm enough to be able to see that to fix the problem with the chewed wires was not going to be a huge mission.)

So what am I asking you to do? I have a few suggestions, but there's also lots more that I'm sure you can think of:

- Be kind on yourself. Yes, there are some people who are just jerks, but don't take on their burdens
- Be kind to others: If you just tried to see it from what their day has been like, it will make a difference.
- Learn from the superheroes in the comics: they always help out when needed, and they make the world better because of that. But for you, that inspires their gratitude and loyalty – and that helps you to avoid stress.

There's a wonderful old book called "All I really need to know I learnt in kindergarten," by Robert Fulghum. In it, he gives the most important rules of life, and I'd like to highlight just a few...

- Share everything
- Be fair
- Don't hit other people, and don't take things that aren't yours
- Put things back where you found them
- Clean up your own mess
- Say you're sorry when you hurt somebody
- When you go out into the world, watch out for traffic, hold hands, and stick together.

You know what you need to do. **SR**



“ Learn from the superheroes: they always help out when needed, and they make the world better because of that. ”

Meaty matters

Connect with your customers through an amazing butchery

The in-store butchery is one of the best drawcards for a store to connect with its meat-eating customers – who are, in South Africa, still the majority of consumers. This popular department is a sure-fire way to turn your store into a destination shop, building differentiation through innovative and quality meat product offerings, which can grow your reputation through word of mouth or social media conversations.

How meat buying patterns have changed, and are changing

Over the last decade there have been significant shifts in the local and global markets for meat.

Bone-in beef cuts have become more popular

“The forequarter market (chuck; brisket; shin; short rib and blade) has exceeded the hindquarter market (rump; sirloin; fillet; knuckle; topside; silverside and flank), due to township traders and consumers who enjoy their bone-in meat cuts.” This is according to Anso Bracken, Marketing Manager at Karan Beef, a wholesale beef supplier selling products to various local retailers; and corroborated by John



De Gouveia, senior butcher, and owner of Jumbo Goodman’s in Ferndale, Johannesburg.

While the forequarter market has superseded the hindquarter market in recent years, sale of certain meat cuts is also influenced by seasonal changes. “During summer we sell more steak cuts, whereas in winter there’s a bigger market for roasts and stew cuts,” says Bracken.

Karoo lamb might soon become unaffordable locally due to massive exports

The live export of animals from South Africa to the Middle East started in 2019, as it is still legal in South Africa (as opposed to, for example, Australian laws). In 2019, the South African affiliate of Kuwait Livestock Transport and Trading (KLTT), also known as Al Mawashi South Africa, was established and began exporting livestock from South Africa.

Al Mawashi, an international company importing lamb to the UAE and Kuwait, had to seek new livestock suppliers after Australia in 2018 banned the export of live sheep to the Middle East during the Northern Hemisphere’s summer months.



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Al Mawashi livestock carrier

(Copyright Waterboys 2006)

The first shipment from South Africa was in October 2019 and in March 2020, they undertook a second. Between 40 000 and 80 000 sheep are transported per shipment. Aside from what are for some the animal rights ethical considerations, these massive live exports of Karoo lamb mean that for local consumers, lamb could become scarce and, if available, unaffordable for many consumers.

Ethical sourcing and sustainability

Globally there is a drive towards ethical sourcing and sustainable meat production. To a large extent, terms such as 'free range' are overly broad and

often used misleadingly in marketing. But, if you do sell meat, you should still be able to answer your customers' questions about it. Get to know your suppliers and insist on certification if someone claims to supply free range.

The Butchery / Restaurant hybrid

While traditional, whole-animal butcher shops have largely disappeared, a new type of business has popped up across the U.S. in recent years: the butcher shop/restaurant hybrid. This trend is also catching on in South Africa and relates to people interested in the origin of their food.

In addition to serving fresh and local meat and supporting nearby farmers, these establishments also hope to cut down on food waste.

"If we had the space in our store, we would definitely have looked at doing a small sit-down section," says De Gouveia.

Plant-based protein gains popularity

Launched by Paul, Mary, and Stella McCartney in 2009, Meat Free Monday is a not-for-profit campaign that aims to raise awareness of the detrimental environmental impact of animal agriculture and industrial fishing.

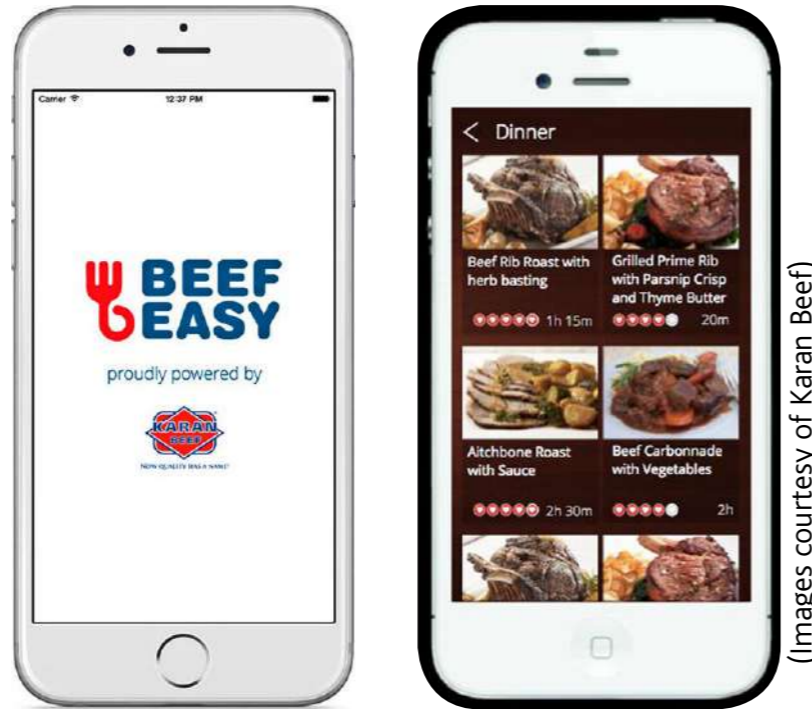
The campaign encourages people to help slow climate change, conserve precious natural resources and improve their health by having at least one plant-based day each week.

Many people followed in the McCartney's footsteps. Consequently, over the past 10 years, there has been massive innovation in producing comprehensive proteins from plant-based sources. Some of these in South Africa, notably Fry's, almost taste like the real thing.

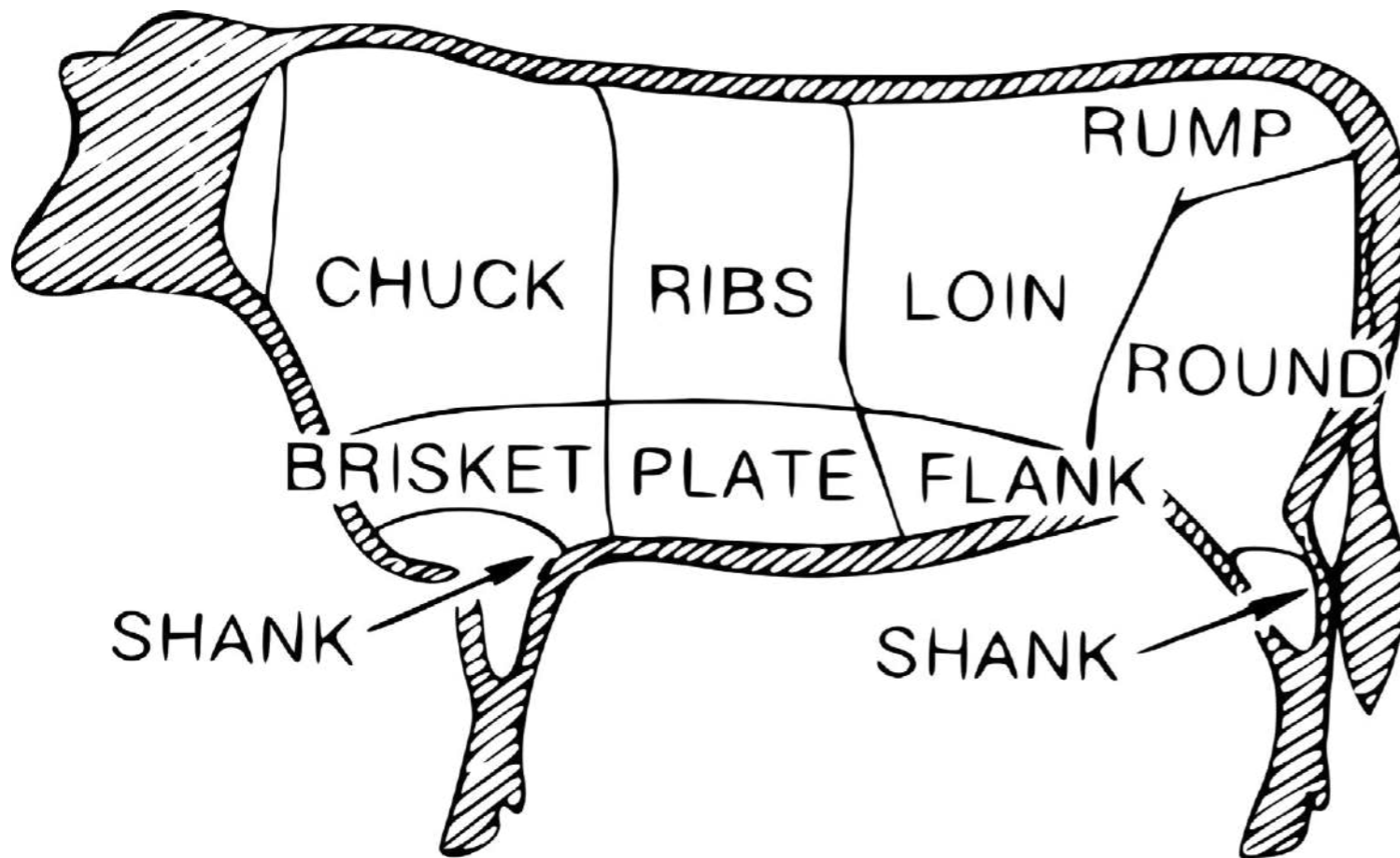
Commenting on this trend, Travis Coppin, Head of Marketing and Buying at the Food Lover's Market Group, says, "I think any meat-replacement products and plant-based proteins are going to get bigger and bigger. People are not necessarily going to become vegan but are replacing more of their weekly meals with meat-free options," he explains.



Engaging with customers through recipes and tips for meat preparation adds immense value to your meat offerings. To this end, Karan Beef developed their Beef Easy App with the end consumer in mind.



(Images courtesy of Karan Beef)



A beef carcass is divided into four main sections, two forequarters and two hindquarters. These are normally divided between the tenth and eleventh rib bone.



MEAT CLASSIFICATION – WHAT YOU NEED TO KNOW

Meat classification is a mark of quality that shows the money value between different qualities of meat. South African Beef is classified according to age, fat cover and carcass composition, and roller marked according to the classification of each carcass. Both grade and fat, along with the abattoir's registered identity number, are stamped into all carcasses with food grade-approved ink.

Classification by age

AAA: This code means that the colour of the roller mark on the carcass is **PURPLE**. It shows that the meat is from a young animal and is the most tender meat.

ABA: The colour of the roller mark on the carcass is **GREEN**. This identifies the meat being from a young animal in transition to an adult animal and the meat is reasonably tender.

BBB: The colour of the roller mark on the carcass is **BROWN**. The meat is from an adult animal and is less tender, but with plenty of flavour.

CCC: This code means that the colour of the roller mark on the carcass is **RED**. The meat is from an adult animal and is the least tender but perfect for stews.

Fat classes are indicated in this manner

- 000 – No visible fat on the carcass
- 111 – A very lean carcass
- 222 – A lean carcass
- 333 – A medium fat carcass
- 444 – A fat carcass
- 555 – An over-fat carcass
- 666 – An excessively fat carcass

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The advantages are obvious: Product safety, lower running costs.

AHT showed a “HERO retro chest” at Euroshop that has been used successfully every day for over 20 years. AHT was already focused on energy efficiency at that time. Since then, the technology for the presentation and storage of refrigerated and frozen goods has been continuously improved through more efficient components and new control strategies. As a result, it is now possible to achieve a daily energy consumption of less than 4kWh even with units that have a net volume of 1000 litres and more.

AHT is making a clear statement in regard to the global climate discussion. The most efficient island freezers are those with the closed glass tops. We are seeing a massive drive towards the R290 self-contained units.

With this update that has been in use since 2019, we emphasize our expertise in energy efficiency. We have once again managed to reduce the energy consumption of the AHT chest freezer fleet by up to 20%. It makes us especially proud that we have achieved these savings and at the same time have also optimized product temperature safety in combination with our new defrosting concept. Thanks to this efficiency, with the update, we have managed to achieve the lowest energy consumption in the industry. By using eco-friendly propane, AHT refrigeration technology lets the environment breathe.

Energy efficiency & Cost savings are critical in every supermarket, but how does a store go about achieving concrete savings in the current climate?

Plug-in for cool sales success

AHT is the inventor of the plug-in installation: the revolutionary Plug & Chill concept makes AHT's refrigerated multideck cabinets and chest freezers the logical choice for supermarkets to buy.

Sustainable cost reduction

Thanks to the complete integration of all the refrigeration components, no additional installation costs are incurred. This ensures that AHT appliances are convenient and reduces the cost of developing and/or refurbishing supermarkets.

1998 to 2020 AHT is continuously expanding our position as a world leader – these principles guide us in everything we think and do!

In a globalized world of constant change, we as innovation leaders think it is important to act sustainably and in view to the future. It is our duty to set standards which the following generations can build upon – about environment aspects as well as the ability to finance our future.





THE IMPORTANCE OF HYGIENE STANDARDS IN BUTCHERY

Source: Food Safety Management: A guide to producing safe foods of animal origin for the South African consumer. A VDX Laboratory Guide (Courtesy of Karan Beef)

What happens if proper hygiene standards are not adhered to	Advantages of proper hygiene programmes and standards
Exposure of consumer to zoonotic diseases.	Improved quality of product.
Loss of quality and shelf-life of the product.	Improved shelf-life.
Loss of public confidence and clientele.	Increased efficiency and less wastage.
Loss of production.	Increased public confidence and sales.
Linkage to potential food poisoning outbreaks.	Improved safety conditions and health standards.
Potential legal action.	Personal satisfaction and enhanced reputation for quality.
Illness of personnel and consumers.	Increased turnover of product and sales.
Loss of jobs.	Accepted microbiological targets for which to aim.
No guidance for accepted protocols and standards.	



A well-run butchery department is a sure-fire way to turn your store into a destination shop.

Know your product

Karan Beef's Anso Bracken offers the following advice to butchery departments looking to sell more meat products:

- Source meat products from reputable suppliers.
- Quality meat that is priced higher will not cost you more in the long run. Consistent quality of produce is important.
- Focus on customer needs, stock products that are in demand and offer variety in your respective market.
- Hygiene standards are extremely important.



(Image courtesy of Karan Beef)

Observation of proper hygiene standards is of paramount importance in any butchery. Shown here is Karan Beef's abattoir where different cuts of beef are being boxed for distribution.

Avoid the purchase & use of sub-standard, dangerous electrical products & services.



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The fifth forequarter

In South Africa we have a unique market for meat. Many traditional African and South African dishes make use of parts of the animal that would be considered waste in most Western countries.

In the South African market, dishes such as tripe and chicken feet are quite common. Although it is a niche market, cow's heads (a festive favourite) might fetch up to R300 a piece, and cow's heels more than R20 per kilogram.

Maximise your meaty opportunities

Turn your butchery or meat section into a destination for your meat-eating customers by focusing on the following:

- Consistent good quality
- Excellent hygiene standards
- A variety of product offers at different price-points
- Training and informing your staff so they can best assist your customers
- Engaging with customers and focusing on a good customer experience
- Passion and enthusiasm!



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CASE STUDY:

The butchery as a destination shop

A clean and fresh display of your meat products go a long way toward increasing sales in a butchery.

to the fact that they provide an honest setup – meaning their customers trust their expertise in giving straightforward, helpful advice, rather than focusing on selling. “We don’t like to get too clever with customers,” as De Gouveia puts it.

“When people tell us, their child has gluten-intolerance or some other thing, we tell them straight – I don’t know if this product contains gluten or sulphites or not. If it is a product where we use ingredients that is bought in, we rather go and get the packet and show them. We give the packet to the customer to read. Or they ask us what quantities or percentages of preservatives are in a specific product.

Jumbo Goodman’s in the Carreira Centre in Ferndale, Johannesburg, has been going strong for more than 30 years. Commonly known as the ‘German Butcher’ in Randburg, the shop has never actually had German owners. Goodman’s caters mostly to the tastes of upper middle-class families in surrounding neighbourhoods. Yet many of their customers travel vast distances specifically to purchase what has become known as Goodman’s superior meat products. We asked the owners to what they ascribe their success.

The butcher as a trusted voice of authority

Goodman’s manufactures most of their products on site, including a large variety of cured and processed meats. John de Gouveia, one of the owners, is a butcher with going on 60 years’ experience in the trade. John ascribes their success



“For example, in the bockwurst, we use very little preservatives, sometimes even .02 grams per kilogram of meat. However, it is there... Some people try it and they find that they can live with that because it has a small quantity. Or some of them, even with such a minute quantity, it still affects them, then they know next time not to buy that.”

“We take the time, because it is important to us that people realise, we are here to give them what they want.”

Although they spend 95% of their time in the back of the shop manufacturing their products, at least one of the butchers is always available to answer customers questions. This approach of prioritising the customer’s needs and concerns above the profit margins of the business goes a long way toward retaining existing customers and building loyalty among new customers.

“ Jumbo Goodman’s in Randburg manufactures 95% of their meat products on-site. ”

The product speaks for itself

Goodman’s focus on the quality of their products can also be seen in their packaging and display. Most of the products are vacuum-packed in sturdy, clear plastic, with no other branding but a small sticker to indicate weight and price. All display units are well lit, keeping the visual focus on the meat.

Other than new product announcements on social media, Goodman’s does not run any promotions or specials on their products. De Gouveia mentions that they work hard to keep their costs down, and always give customers the best price point they can muster.

“We are not perfect, but we like to give people a good deal. This means not only a good price, but a good product.”



“ Goodman’s believes in giving their customers ‘a good deal’. This means the best possible product for the lowest possible price. ”

Luis de Freitas, senior butcher at Goodman’s and De Gouveia’s nephew, agrees. “Making a superior product requires a lot of attention and focus; it’s hard work. That’s why we spend most of our time at the back. We’ve got to make sure that everything we do contributes to making something good.”

The importance of investing in your local community

An unmissable feature in Goodman’s store in Ferndale is their community wall. This community advertising board started out as a small pinboard, giving customers the opportunity for some free-of-charge space to market their own services. Over the years the board developed into a centrepiece store feature, taking up one whole wall surface and acquiring its own personality.

Luis de Freitas elaborates: “Some customers on weekends will take a good couple of minutes to get out of the shop with their trolleys, because they’re looking at the wall. It is becoming big – there’s almost no space anymore. We’re also helpful to people who make jams, pickles and sauces from home, who approach us to stock their products – we almost always say yes.”

While there is no big profit for Goodman’s in either of these in-store ventures, both the community wall and the array of bottled preserves adds character and variety to what is on offer in-store. Perhaps more importantly, it gives the people in the community the feeling that the store belongs to them, and that they belong there.

A sense of pride and responsibility

There is a sense that each of the people who work for Goodman’s could easily have been the manager or owner. De Gouveia and his business partners take pride in their work and have a hands-on approach regarding every aspect of the shop, including training and managing their frontline staff.

“Our staff has a sense of pride and responsibility. We reinforce the necessity of service excellence and giving our customers what they want. We all know that our customers are the lifeblood of our business.”

De Freitas adds, “We do try and lead by example. We spend a lot of time with the front of house staff. And when we pick up that they are behaving differently or their tone has changed, we find out why and work with them to change things around.

Word-of-mouth works best – online and instore

While Goodman’s does no online selling, they do have a prominent, branded online presence in the form of a website and Facebook page. De Freitas explained their approach: “Even though our business is brick and mortar, we’ve noticed a huge change recently in reviews, likes, and how many people are reading our page. Last month we had 5 000 views in 21 days. I think there’s a huge movement in people searching butcheries. For example, a friend of mine bought beef from us one afternoon. He went home and started braaiing. He has got an online presence because he is a musician. He filmed the braai and posted that he got the meat from Goodman’s in Randburg. It was amazing – he hit 1 200 views in one evening. I picked up that there had been more sales of meat that week after the post. So, you can’t ignore that online has an impact.”

But, although they recognise the importance of being online, De Freitas says they are yet to start doing online business. “I’m a bit of a handbrake in



terms of online ordering because I don’t want to get it wrong. I do a lot of orders myself in the store. All of us have our customers that come directly to us. So, if you are taking orders online and you don’t manage it correctly and you get it wrong, it leaves a bad taste in the customer’s mouth. But we are working towards getting our online sales up and running.

Once again, it comes down to a good product and a good customer experience. If customers are happy with the product and the service, they will

tell other people about it. But, if they are unhappy, the message will spread even faster. **SR**



Marguerite Sanders is an autodidactic writer and designer with a passion for creative problem-solving. Nowadays she writes for business, and on business, specialising in retail and tech. Her writing and art have been published on various online platforms and in print. She holds a B.A. Fine Arts degree and has completed additional courses on

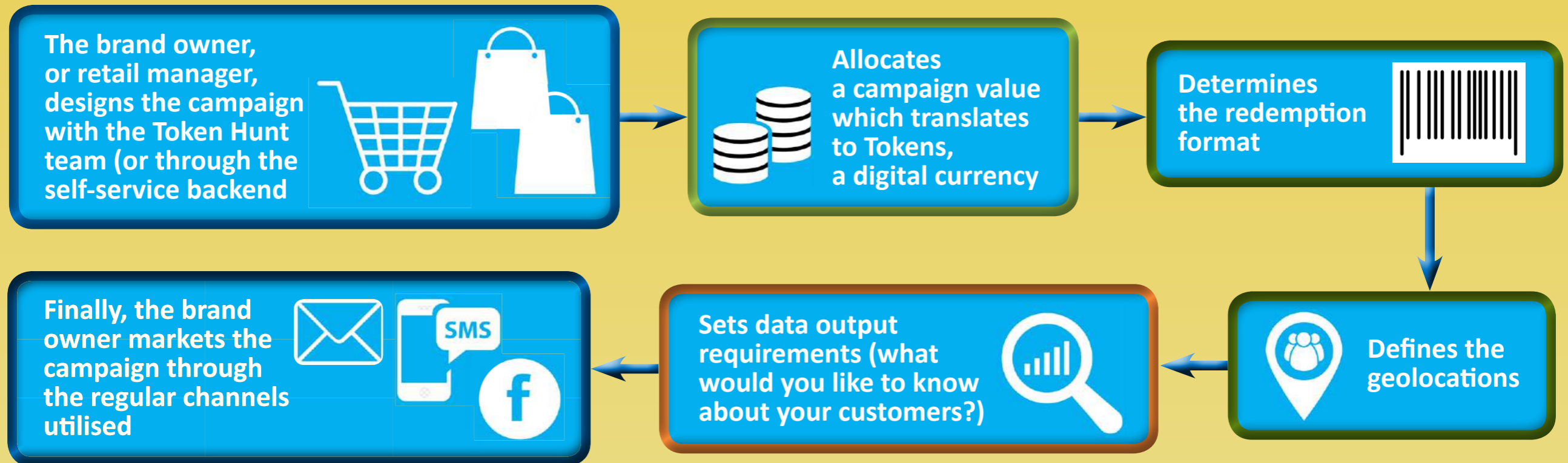
the business and professional practise of art, and a few modules of philosophy. Contact Wilkins Ross Communications at marguerite@wilkinsross.co.za.



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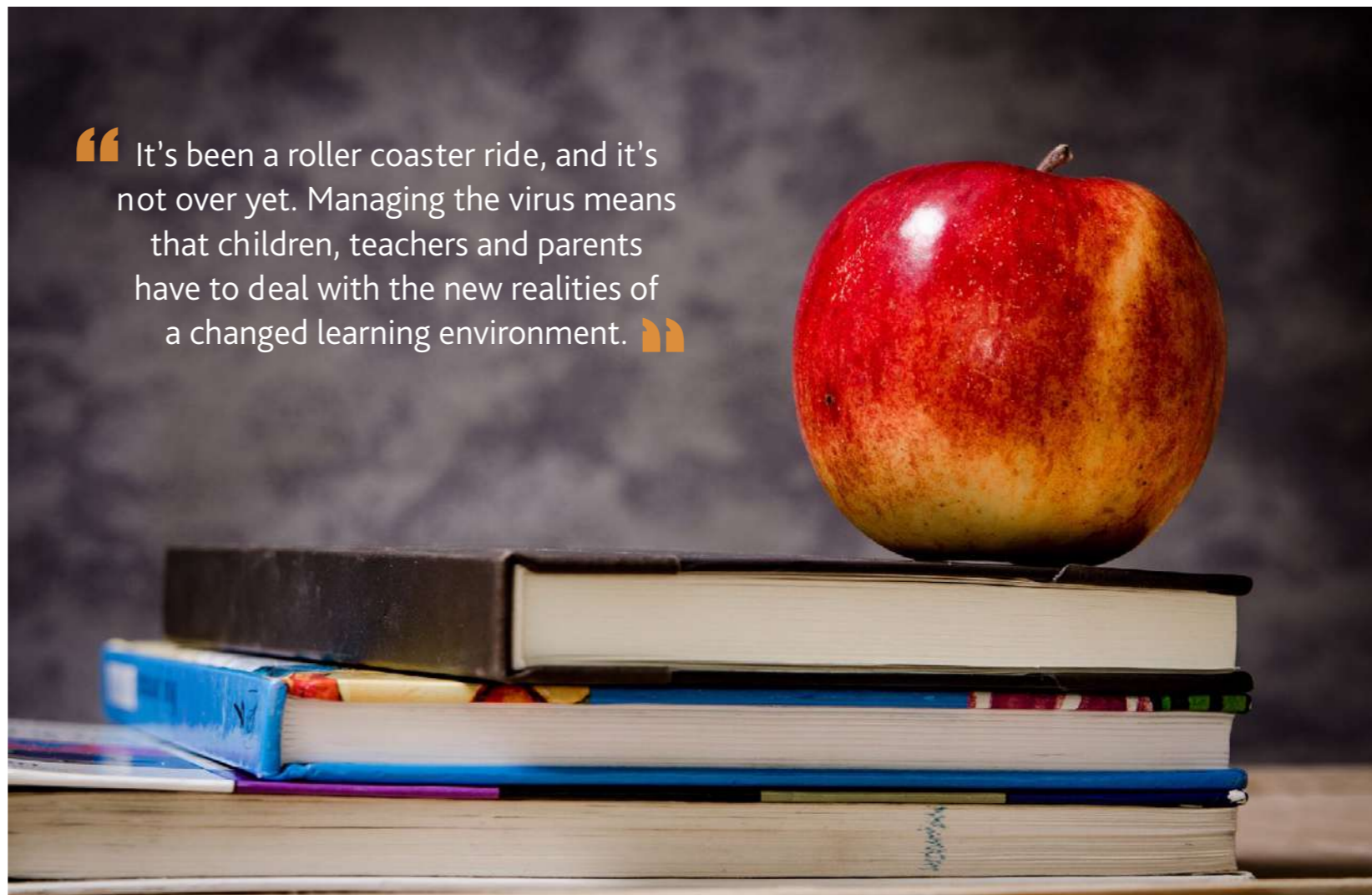
Back to School... finally!

Parents breathe a sigh of relief ... but stress is still high around Covid-19

The school year in most countries around the world has been severely impacted by the Covid-19 pandemic, and South Africa is no exception. Schools closed two days early before the usual Easter break on 18 March 2020 as the country headed into a full lockdown starting on 27 March. Some schools opened for Grades 7 and 12 on 8 June, but by 24 July all schools had been closed again for a month to stem the rising tide of Covid-19 cases. Learners returned to school in stages during August, but some had lost nearly 90 days of schooling. Along the way there were constitutional court challenges; children with no internet, data or infrastructure for home schooling; schools with little or no ability to provide remote teaching; continued home schooling by parents who did not feel comfortable sending their children back for any number of reasons and uncertainty across all segments of society about how children were going to complete their school year.

It's been a roller coaster ride, and it's not over yet. Managing the virus means that children, teachers and parents have to deal with the new realities of a changed learning environment.

What this means for retailers is adapting the BTS strategy, catering for home schooling, remote learning and the changing needs of learners where



“ It's been a roller coaster ride, and it's not over yet. Managing the virus means that children, teachers and parents have to deal with the new realities of a changed learning environment. ”

tablets and data are fast becoming staple necessities. Meanwhile the traditional requirements of stationery, books and other necessities still exist – particularly for younger learners – so there is a blending of the old and the new. This may mean

that the back to school buying spike will partially morph into more consistent and regular sales, as parents adapt to digital requirements where costs may need to be staggered throughout the school year.



How steady engagement is key to building sales

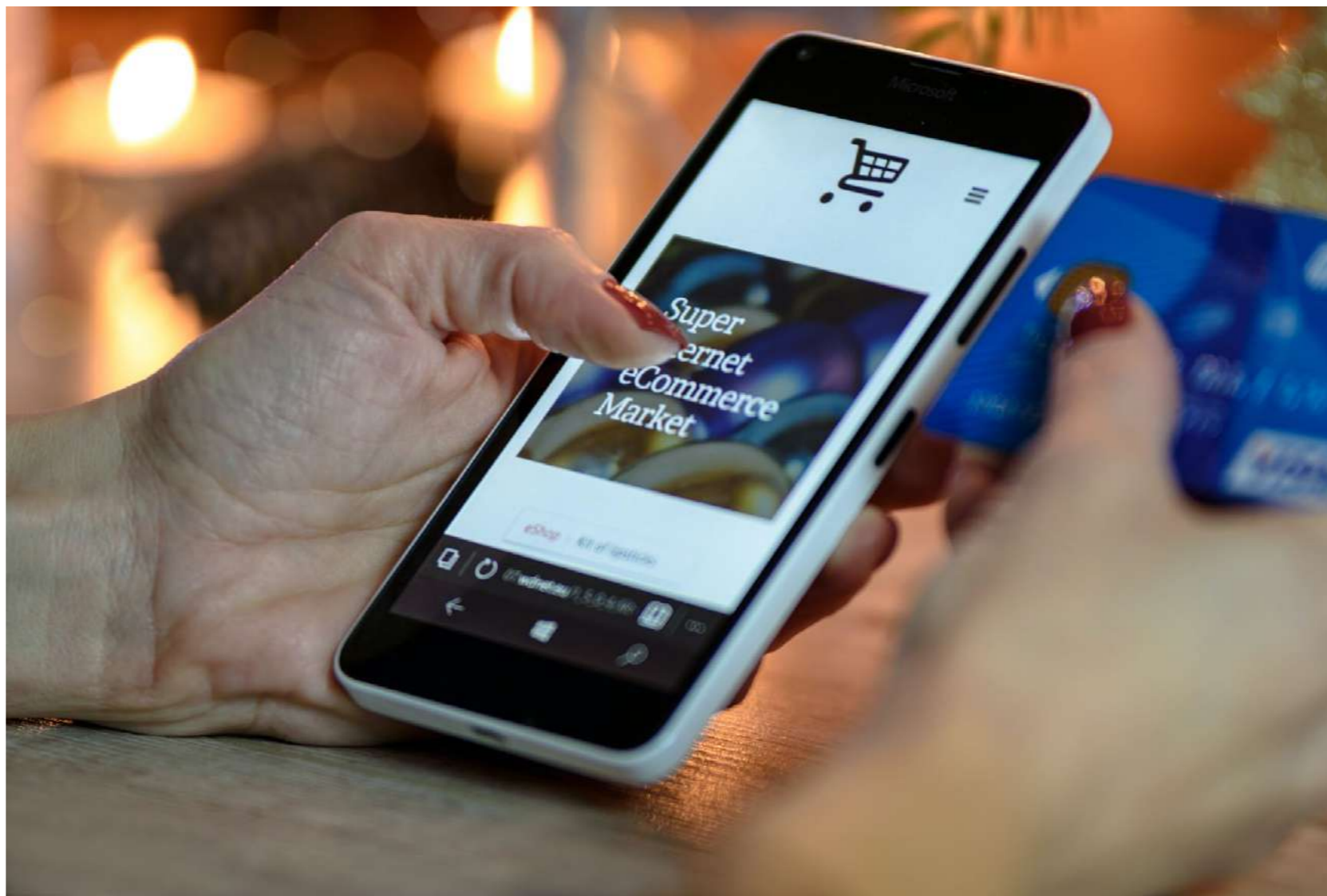
Uncertainty over the resumption of formal schooling has led to questions about how consumers, and therefore retailers, should prepare. Retailers can expect to see increased levels of price sensitivity as households feel the negative financial effects of lockdown. Shoppers may respond by favouring familiar quality brands known to last longer. Alternatively, this may be the time for retailers to encourage and facilitate brand swapping to similar quality, but better priced products.

Price sensitivity is likely to remain until the economy begins recovery and the job market improves. Given the spikes predicted in Covid-19 waves, this could be another 18 months to two years.

In an uncertain and cash-strapped economy, parents may be more cautious – delaying some of their BTS purchases. Based on the results of a global ICSC (International Council of Shopping Centres) survey this year, Tom McGee, President and CEO, advised retailers to remain responsive to changing consumer needs.

While the survey indicated that consumers planned to spend more on back to school this year, uncertainty in the educational environment could extend the BTS shopping season until consumers have more definitive answers.

“This ‘fluidity’ seems to be the norm for back to school policies these days, as students and administrators have remained uncertain about when they will return to school, or whether schooling would take an online format,” McGee adds.



Additionally, the risks of in-store shopping have continued to push sales online across categories, something that will also impact back to school buying.

Online shopping as parents keep safety in their sights

The impulse to physically embark on a shopping spree still exists, however, stores and shoppers do not know how a pandemic back to school season will unfold.

“This is no ordinary back to school season, but that is not deterring consumers from spending money at physical stores. Back to school shopping continues to be popular, even in these uncertain times,” said McGee. However, in coronavirus hot spots, many parents have shifted to ordering items online.

The lockdown in South Africa has gone some way to increasing tech-savvy among consumers – even those who may not previously have used a digital device of any kind. This trend has been driven by



the need to order groceries online. BTS online purchasing can be expected to increase in the wake of this trend, among consumers who, in the recent past, would only have purchased in-store.

Industry stationary leader, Bidvest Waltons, have digitised back-to-school shopping for some time now, and recently launched their Nedbank-powered Karri App.

As noted by Douglas Hoernle, Founder and CEO of Karri, the app is well positioned to deal with the uncertainty around changes to the school terms as a result of the pandemic

(www.karripay.com/blog/karri-bidvest-waltons-stationery-shopping/).

Digital resources versus traditional supplies – BTS stock management

Parents' concerns around health, finance, and quality of education will likely shift the way consumers approach back to school shopping – specifically around what percentage will purchase or be provided with digital learning content and resources versus traditional stationery and textbooks.



GET TO KNOW YOUR ON-LINE SHOPPERS

Online shopping is a growing trend in South Africa. Get to know your online shoppers and their habits to help focus your marketing efforts and online offerings.

According to a 2020 report by PwC titled 'Achieving Total Retail: Consumer Expectations Driving the Next Retail Business Model', there are some surprising facts about shoppers and their online spending habits:

- 25% of South Africa's online shoppers are older than 60 and most online shoppers are above 35 years old, due to higher incomes.
- More than 55% of online shoppers are male, with many women still preferring the in-store experience.
- Convenience and price are the biggest motivations for shopping online.
- Mornings and after work are prime online shopping times.
- Flexible and low cost/free delivery is a key incentive for online shoppers.
- Fear of the unknown stops 25% from shopping online. Key concerns include technological issues and fear of missing a delivery, while 25% of offline shoppers say they don't shop online 'because they are just not used to it'.
- Online shopping in South Africa contributes 1% of total retail sales, but it is growing at a massive rate.
- Full-time workers and retirees are South Africa's main online shoppers.
- 47% of offline shoppers believe they will shift online in the next year.





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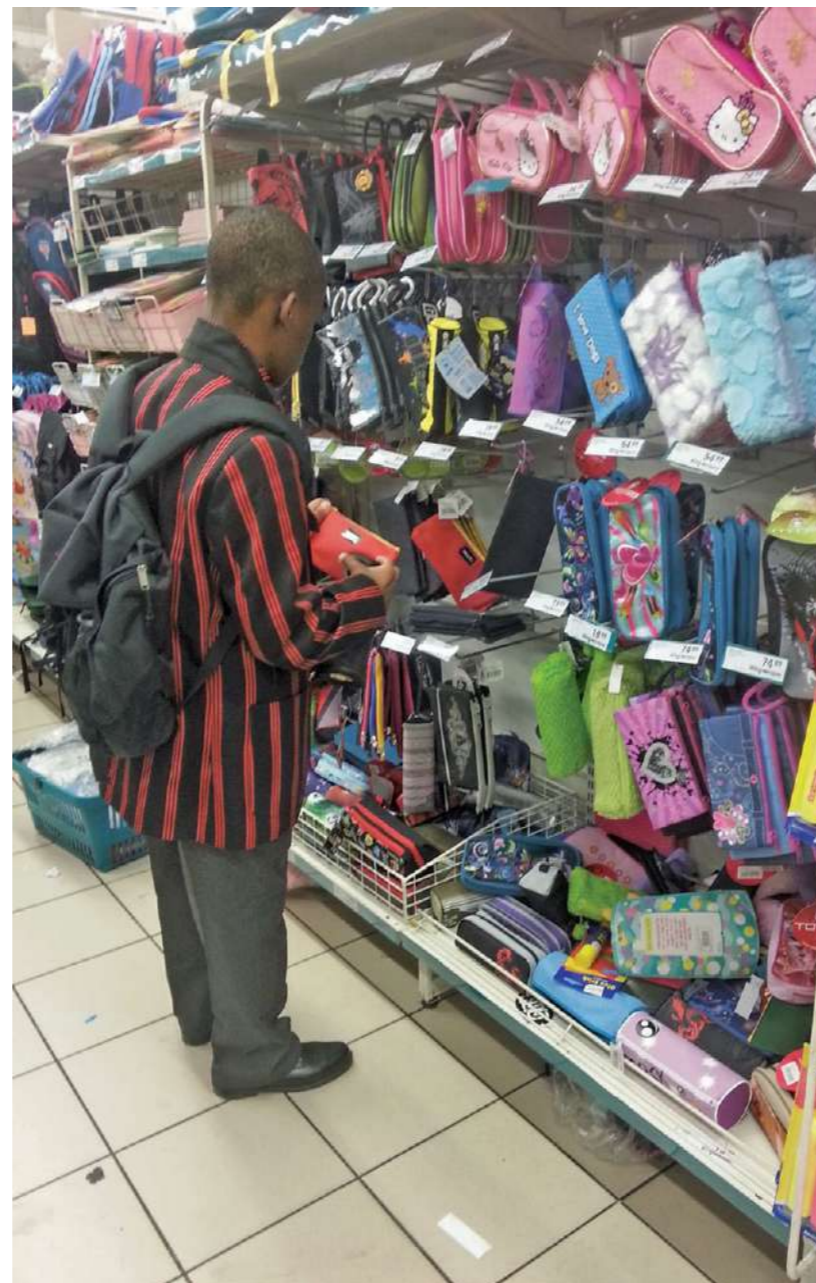
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The stark reality in South Africa is that more than 80 percent of public schools are under-resourced. They are ill-equipped to respond to the teaching and learning challenges of the 21st century – let alone the latest demands of the pandemic. This is according to an article written by Professor Werner Olivier of the Govan Mbeki Mathematics Development Centre, Nelson Mandela University.



With the global move to blended learning (using a combination of online and offline teaching and resources), a sobering statistic from the article is that nearly 90 percent of households in South Africa are still without internet access at home.

Enormous government and NPO effort continues to be harnessed to address this problem, so we can expect change – perhaps faster now driven by the pandemic.

Nonetheless, these socio-economic disparities cause sharp market differentiation in BTS consumer demands. Retailers therefore need to continually update their in-depth knowledge of their customer base, in order to merchandise appropriately.

Merchandising hints and tips: how to help parents navigate the shopping list

While there is still demand for traditional school supplies, parents and students are increasingly interested in personal protective equipment (if their child is returning to school) or technology (if they are pursuing distance learning), such as computer monitors, headphones, desks, office chairs and lamps.

In addition to an increase in online purchasing, instore shoppers are now less likely to bring their children along. So signage and displays historically tailored to capturing the attention of the younger family members, may become less impactful. The parents will be in command (!) and less influenced by the choices of their children. The focus will shift to practicality, versatility, longevity and price.

Also, brands and retailers who are able to translate the in-store back to school experience



into an online experience will be well positioned to capture this sector of the market.

In a time of so much change, it is difficult to pinpoint exactly what the BTS basket will contain this year. What can be said with certainty is that brands and retailers must remain flexible and work with what they do know, to prepare for multiple scenarios.

The back to school season is always demanding for parents and this year so much more so. If you wish to support your shoppers, bear in mind the economic realities of many families, even those previously in your higher LSM groups. Offer savings and other incentives, e.g., cross-merchandising with BTS packs, or essentials such as calendars, reusable water bottles, and lunchboxes as a BTS pack bonus. This is definitely the year to think out of the (lunch)box!

Your one-stop BTS display will encourage sales by providing convenience and reminders of items to be purchased that may not have made it onto the shopping list.

Sanitisation and hygiene products for children

Health and hygiene products will probably become back to school staples. The influence of Covid-19 is evident in the types of products parents and guardians plan to purchase.

They are as likely to buy hand sanitiser as they are new clothing or shoes; as likely to buy face masks as they are backpacks or craft supplies and more likely to buy disinfecting wipes than crayons and markers.



Together with health, sanitisation and hygiene products provide an opportunity for cross merchandising and promotions. Addressing some of the fears parents have, should be part of your in-store and online marketing strategy and promotions.

Parents’ fears around sanitation and hygiene

Some of the fears reported in various media include:

- Will my kids be able to try on clothes in stores?
- Will we be required to purchase sanitiser/face masks/gloves for school

- Will other shoppers hoard essential BTS supplies? Do I need to buy more?
- Will products be more expensive due to high demand?
- Will BTS sales be available online?
- Will my kids be sharing supplies with others?
- Will I be able to take my kids to stores?
- Will I need to shop earlier/later than normal?
- Will all the typical stores be open for BTS?
- Will large crowds/lines be unsafe?

Use customer-focused relationship marketing to talk to your customers and allay their fears.

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Community give back – building loyalty through school CSI initiatives

As part of a recently announced joint initiative between Bidvest Waltons and the Gauteng Department of Education, 577 schools will be receiving donated assistance worth R4.7 million. The project includes complete decontamination and desanitisation of 577 schools, 466 of which are non-fee-paying schools. (<https://www>.

[goodthingsguy.com/business/deep-cleaning-services-gauteng-schools/](https://www.goodthingsguy.com/business/deep-cleaning-services-gauteng-schools/))

Each school will also receive wall-mounted hand sanitisers and other consumables to support government’s commitment to securing educational institutions against the spread of the coronavirus. Lesson being ... If you want to leverage your CSI initiatives or in-store campaigns, then hygiene, sanitation and health are the way to go.

According to the annual Triologue Business in Society Handbook, the retail and wholesale sector in South Africa accounted for the largest portion of CSI expenditure (22%) for the first time in 2019, due to the increasing value of product donations – a value which has skyrocketed during the lockdown and remains extremely important in the eyes of consumers as many of them try to recover from job losses. Two distinct marketing strategies can be considered here: firstly, your relationship strategies for building customer loyalty, in terms of ensuring customer safety, price fairness and giveaways. The second strategy is 'cause marketing' to build loyalty among those customers who do not need CSI assistance, but who expect responsible and sustainable corporate behaviour from their store. Back to school offers excellent opportunities for retailers to assist the many disadvantaged schools and children in South Africa.

Cross-merchandising with grocery items for healthy lunch box ideas



No matter where learners are learning, school day lunches still need to be served. Lunch box inspiration, including sandwiches, fillings, drinks, treats and healthy on-the-go

snack ideas are all part of the menu to make life easier for busy parents.

It's also good to remind Mom and Dad about lunchbox items for a healthy lifestyle, such as lunchbox snack ranges that can be merchandised as impulse buys.

Susan Greeff from Lancewood says retailers can maximise their lunchbox sales by ensuring that products are merchandised together at a primary location.

"This helps the consumer navigate the shelf easier and to find what they are looking for in one area.

It also stimulates ideas for additional purchases," she says.

There is the cross-merchandising opportunity to place relevant products with high volume daily purchase items e.g. spreads and dips close to bread, or cheese portions with small packs of tomatoes and carrots in the refrigerated fresh produce section.

"Ambient products like cheese dippers and crackers can be positioned at till points where

most of the impulse purchases take place, as well as a last point of interruption to ensure that mom buys something healthy as a snack for her kids," says Greeff.

"Different mechanics can also be used, to ensure that product visibility is enhanced by free-standing units placed strategically in-store, as well as clever hooks and self-feeder units in the fridge areas for products that need to stay chilled."

With the new normal and lockdown conditions becoming a part of life, the flexibility of lunchbox – or lunch at home – healthy snacks are ideal solutions. But, remember if the consumer/mom cannot see the product, they will not make the purchase.

Keep it consistent

According to a recent BusinessLive article, CEO of CNA, Benjamin Trisk only expects a recovery for the stationery business when back to school shopping starts in 2021. "Due to the Covid-19 pandemic and the five-week nationwide lockdown, consumer spend is under pressure on the back of a weak economy and a rise in retrenchments, combined with a growing number of digital platforms selling competing products, often at better prices," says Trisk.

These are all challenges for your stationery category, but not insurmountable!

- To do well in school, students must have all of the necessary supplies. Different schools may request different items, making it difficult to keep everything on your shelves. However, you can stock certain staples that will be used when classes begin. Pencils, pens, notebooks, folders, paper, and binders are almost always going to be included on school supply lists. Keep these items in stock as a given and keep them stocked for an extended buying season.
- Ongoing promotions and periodic sales will keep your customers' attention.
- Create exciting in-store and online shopping experiences. **SR**



Xenia Kyriacou's professional background includes a PhD in science education. She is a highly experienced writer, including educational materials and textbooks; academic writing and editing; web content creation; and general journalism for trade and consumer magazines. Contact Wilkins Ross Communications at xenia@wilkinsross.co.za



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Never underestimate the power of showing you care



Megan Walker
Senior Media Strategist
The MediaShop

The Oxford dictionary defines loss as, “the state of no longer having something, or as much of something; the process that leads to this.”

It won't surprise people that as potential subject choices for this article ran through my mind, all things Corona were at the forefront.

Done to death some might say... and yes, many articles have been written on the losses faced and those still to come as a result of the social and economic impacts of Covid. Including the many ways we humans have suffered both physically and psychologically, and are subsequently reflecting on the changes to our world. Many of which will have lasting impact.

My subject choice may not be new, but it gives me a chance to share my personal perspective of someone who experienced the loss of two friends through the course of lockdown; and personally got sick, tested positive and experienced a rough three weeks due to Covid19.



But it's not the fact I got sick that is the crux of my article – what I want to voice is my perspective as someone privileged to work for a company that has not just demonstrated dedication to managing the physical fallout of Covid on job security,

client management and company sustainability; but also to the emotional and physiological health of its employees. The recent series of webinars on 'Managing Stress and Loss' that have been facilitated by the company, with some amazing

guest speakers, is the most tangible demonstration of this care and concern.

The new 'socially distanced' way of working, and being away from our colleagues can make us feel lonely. But on the flip side, history tells us that society can be socially cohesive in times of crisis. By encouraging us to think less about our own interests and more about the interests of others, a shared sense of togetherness has been created. This in itself has lead people to look past their differences and collectively respond to the challenges they face.

On a personal level, my own colleagues within the Cape Town office have been nothing short of amazing in showing their true colours. There have been countless examples of everyday care which I have been privy to in the past months. Times where the team has had each other's backs when someone needed help with work load, or to get advice or bounce an idea off someone, or just to lend an ear when someone needed to decompress. And the result of this is that we all feel closer and more bonded to each other more than ever before.

This aspect of demonstrating care is not just relevant in our one on one or personal interactions, but also more important than ever for all brands. Accenture Strategy's Global Consumer Pulse Research, revealed that consumers, across all generations, care about what retailers say and how they act. At this time of intense uncertainty, the key attributes that underpin trust in a brand are different from even a month ago. Building trust and loyalty in a time of crisis can make or break



a brand. When asked what factors make consumers trust brands more, the top three responses focused on the well-being of customers, the well-being of employees, and not taking advantage of the crisis to maximise profits; in other words – care and empathy.

Organisations showing up for their employees is one of the top reasons consumers trust any given brand. Recent data shows that during uncertainty, workers are looking to employers and managers to lead even more than they are looking to governments and other organisations. And consumers are watching.

A recent Qualtrics survey shows that fifty-four percent of them say they are concerned with how employers are treating their employees in this time of crisis. Better treatment fuels brand trust, with 48% indicating they trust brands more when they take care of their employees. And the same holds true for genuine concern demonstrated (not just expressed) by a brand for its customers. In the face of the Covid-19 crisis, brands must figure out how they can help, and what actions can be taken that are consistent with their values and abilities. Brands have an opportunity to strengthen the bonds of trust with consumers. It's logical that if a genuinely felt sense of care and community from friends, family and colleagues strengthens our bonds and commitments to each other; that brands demonstrating genuine care will benefit from strengthened customer bonds and loyalty too.

No one is suggesting you forgo encouraging sales, brands need to survive. But in showing solidarity with your customers and empathy for their circumstances in tough times, you ultimately win the long game. Recent market research by Rogerswilco co. shows that when consumers have a positive encounter with a brand, they become advocates who will gladly share news of their experience with their circles.

When aiming to introduce empathy into your marketing efforts, take a step back and put yourself in your markets shoes:

- Don't be obvious in your selling intentions
- Understand your community and your consumers wants, needs, and desires
- Understand their pain points
- Embrace, understand and use the emotion inherent to the situation
- Be authentic
- Don't be preachy
- Strive to inspire, but without seeming to be seeking glory

Here are some examples of brands incorporating and displaying empathy in their marketing efforts through the Covid crisis:

Shoprite showed real care about the mental health of their employees when they recognised the stress placed on them during the lead up to lockdown, when customers descended on stores in a wave of panic buying. In April 2020, they rewarded their staff with an appreciation bonus to the collective value of R102m.

Investec partnered with Capital Hotels and Apartments as part of the Get Well Hotel initiative. They made hotel rooms available to medical professionals so they could self-isolate or recover from Covid-19 without putting their loved ones at risk.

Pernod Ricard South Africa is another brand showing empathy for the people in its extended

industry. Through its #KeepTheSpirit initiative, the group committed R2m to help support nearly 1 000 bartenders and waitrons who couldn't work or support themselves during the worst of lock down.

Spar's Palm Grove store demonstrated empathy when it closed its stationery and frozen burger sections, and put up signs to encourage its customers to support the small businesses in the area that were open and selling these same products.

Whether the gesture is on a grand scale or a genuinely felt and executed small kindness, those companies and brands that rise to the occasion will be the real winners. To borrow from the words of the British chancellor Rishi Sunak...

“ You want to be able to look back on this time and remember how, in the face of a generation-defining moment, we undertook a collective effort, and we stood together ”

Demonstrating care is an important human and consumer insight that is more relevant than ever right now – and I believe it will be one of those psychological changes that is here to stay. It is likely to take on a much bigger role in the way consumers measure a brands value going forward. And I say amen to that, let a shared sense of empathy and care be one of the habits that continues long into the future – for all individuals, corporates and brands alike. **SR**



“ Demonstrating care is not just relevant in our one on one or personal interactions, but also more important than ever for all brands ”

The move towards virtual, augmented reality and gamification becoming increasingly effective in brands' story telling



Yaw Dwomoh
CEO of Idea Hive

Our first experiences define us: The first kiss, our first day at school, the first broken arm, baby's first smile and that first broken heart. Whether bitter or sweet, first experiences are what make us who we are and set the example against which we measure all our life experiences. Experiential marketing has come a long way from traders in roadside markets offering passersby samples of their produce and goods. Using Virtual Reality (VR), Augmented Reality (AR) and Gamification, we are able to create multi-sensory experiences that evoke those same powerful emotions that make us essentially human.

The technological revolution and the Covid-19 digital disruption has injected new life into old. The New York Times has done this well, adding an array of tech-related companies to their publishing platform that make the best use of their biggest asset – telling great stories. On their website, you can find a collection of immersive storytelling features, including AR and VR experiences. In their quest to modernise, they have positioned themselves as the overwhelming authority on all things tech, stepping out of their traditional publishing grave clothes and into the future.



Thanks to a reduction in the cost of hardware and software as the years go on, and an increase in local skills, South Africa is now more than capable of providing immersive and interactive digital experiences with quantifiable results, which ultimately creates the love for a brand.

Think, for example, of buying your first car. What went through your mind? Maybe the sweat and tears that went into paying for it? Or the leather interior you had mapped out in the back of a schoolbook years ago?



Recently Volkswagen partnered with New Reality to create a 'demo' experience their customers won't forget. Prospective buyers were able to check out and test-drive the new Polo SUV (the T-Cross) before it was released months before it could be physically test-driven in South Africa. Customers were able to play with interiors and features and even order their vehicle all using VR.

"Virtual and augmented reality and gamification is effective when it takes the customer on a journey they never expected. In fact, it's when brands find a way to become a part of the customer's life journey like first cars, having a baby or choosing your next renovation project – that brand love is born. It allows us to overlay a digital lens onto the real world," says Yaw Dwomoh, CEO of Idea Hive, a digital storytelling specialist agency in Johannesburg.

Traditional advertising does an excellent job at providing awareness at its different touchpoints, but in some ways it tells the consumer how to feel and keeps them passive. Creating moments of immersion builds experiences that what will leave the customer changed forever and elicits emotion that money can't buy.

Coupled with clever activations, the technology available to us is able to activate every one of the senses: sight, smell, touch, hearing and taste. And depending on the mode of immersion used, the experiences can be directed at 100 or 100 000.



Examples of experiences created using VR, AR or gamification that worked

Martin Garrix puts on a music show for the deaf community

Tactile audio systems and Projectors

In 2016, Dutch DJ Martin Garrix partnered with 7 Up to host an extrasensory concert for the deaf community. The resulting 'Music Lifts You Up' video premiered during Ultra Fest in Miami and received viral media coverage.

Together with immersive experience artists, Fake Love, they incorporated motion, vibration and stunning visuals to help the concert-goers 'feel' and 'see' the music. With walls of speakers, LEDs boxes of water that moved with the music, platforms

to stand on that vibrated to the beat, and even a special backpack that vibrated the sound right through their chests, his guests were euphorically happy.

What did 7 Up get out of it? A phenomenal amount of brand capital, but a moving comment from one of the attendees says it all, "It really was the best night of my life."

The 7 Up gig taught us that the experience doesn't need to have anything to do with your actual product. Communicating the personality or character of your brand can be enough to create magic.

Glenlivet tests the palates of whisky connoisseurs

Gamification and AR

AR-enabled product packaging can double as a brand's owned media channel speaking directly to their consumer. In 2018, would-be whisky connoisseurs jumped at the Glenlivet augmented reality whisky-tasting experience in partnership with Shazam.

When customers opened the app, master distiller Alan Winchester came to life, challenging users to mini-games to identify and isolate ingredients by selecting the four aromas for the nose and flavours of the whisky. He also engaged and immersed them in the mysterious back-story behind Glenlivet's distinctive taste. Tasters were given a score which they could share to social media.

Because of the extra value offered to customers post-purchase, they upped the brand loyalty and reached a completely new demographic to boot.

Samsung and NASA Moon Walk

VR and 4D

The experience, titled 'A Moon for All Mankind', opened to the New York public in July 2018 through to July 2019, – in honour of the big 50th anniversary celebration of the moonlanding in 1969.

An extensive support rig and flight suit supported participants, while attached onto a load-bearing system similar to the Active Response Gravity Offload System



used at the Johnson Space Center in Houston to train real astronauts. Wearing a helmet with Samsung's Gear VR goggles, users went on a mission to explore the moon surface and plant their own flag.

The experience combined tech, awe and an emotionally charged moment in history to create an unforgettable experience for those who tried it and plenty of the right coverage.

Merryl Trailscape experience

VR and Motion capture and Tactile elements

Merrell created a VR experience called Trailscape to launch its newest hiking boot, the Capra. Participants could walk (carefully) along a stage set that simulated a mountainous trail, mapped to the virtual experience to create a new level of immersion.

Tactile elements such as rope walkways and shaking wooden planks, while motion capture allowed adventurers to explore the mountainside. Merryl created such a powerful immersive experience that it was showcased at the Sundance Film Festival.

Dwomoh, says, "The brands that inspire us, tell stories we can relate to. The brands we love and remember tell stories that cast us as the main character. Using technology, we can create unforgettable experiences and bring customers on board as co-creators. It's an exciting time to be a digital marketing agency." **SR**

Reimagining go-to-market strategies after the pandemic



Stefano Niavas
Managing Director & Partner
BCG Johannesburg

The coronavirus pandemic has hampered companies' go-to-market strategies everywhere, but nowhere has the disruption been more severe than in emerging markets.

Once the crisis has receded enough for businesses to start bouncing back, emerging markets will experience a reset in demand. However, there will also be a dramatic change in the shape of demand on the front line. Covid-19 has already significantly disrupted sales teams' traditional activities. There are many unknowns ahead, but one certainty is that go-to-market approaches must fundamentally change.

Preparing for the rebound requires a different mindset and I see five imperatives in the rebound phase.

Reimagine the sales process

Covid-19 has accelerated the ongoing process of the digitisation of sales. Businesses decision



makers should look at every sales role and activity to find opportunities for digital automation or augmentation. BCG's global survey of companies in a variety of industries found that roughly 80% of companies are actively exploring ways to shift their go-to-market strategies away from in-person channels and toward digital ones.

Companies must reimagine the entire sales process and answer the following questions:

- Are these activities really needed?
- Is there a way to handle them digitally so they become more efficient and effective?
- Could existing solutions or partners help with the reimagination process?



Rethink the distribution model

The pandemic is compounding subscale distributors' growth challenges with higher costs of working capital and unfavourable economics. Data clearly shows that bigger distributors grow faster and invest more in their businesses than smaller ones do. Once they get through this period of short-term distributor support, companies need to evaluate the scale, architecture, and profile of these partners. They also need to critically evaluate the role of the traditional distributor.

Companies need to reassess how well their distributors are handling multiple activities – such as servicing and breaking bulk, secondary execution, retailer credit, collections, and local compliance – and whether other players in the ecosystem could do the work more effectively.

There are clearly many inefficiencies in the way distributors carry out their business today – often relating to deliveries or order-taking at the fragmented front end. Companies also need to completely rethink the payout structures for

distributors, taking into account the role they want each distributor to play and linking payouts to performance.

The rise of B2B e-commerce players in emerging markets has been driven by the belief that technology can make some aspects of distribution more efficient for both the companies trying to sell products and their retailers. This is undoubtedly true. However, the use of B2B e-commerce platforms will force companies to think through a number of business model issues, such as:

- How do we manage the inevitable conflicts with distributors?
- Should we create our own B2B e-commerce platform or should we partner?
- How do we change our team and functions (including trade marketing and sales) once we start using such platforms?
- Who handles the jobs of core activation and demand generation?

Pivot to win in e-commerce

BCG's recent consumer research shows a systemic shift toward e-commerce. This shift isn't surprising, given the highly transmissible nature of Covid-19, and it isn't the first time that a health crisis has caused consumers to shop differently: there was significant and sustained growth in e-commerce after the SARS outbreak in China.

In South Africa, online retailers reopened a few days into level five of lockdown to focus on offering essential goods. Others paused their core service offerings and pivoted their businesses to

selling and delivering essential goods such as fruit and vegetables and later groceries. Online retailers were forced to innovate and make sudden shifts to their businesses as they navigated the restrictions imposed on e-commerce to ensure their survival.

Companies should use this opportunity to develop their e-commerce 2.0 business strategies. Many leading companies are already planning to grow their e-commerce businesses, including for products such as building materials and tires, which retailers used to sell to in-store customers directly. Product assortment and packaging, digital marketing, merchandising, and customer service are among the areas in which companies must develop capabilities to succeed in e-commerce in emerging markets.

Optimise front-end sales spending

Companies have traditionally devoted a high share (from 20% to 30%) of the gap between consumer price and net revenue to channel trade spend. Covid-19 creates an imperative for companies to optimise their highly fragmented, often mismanaged, trade investments by prioritising spends across Stock Keeping Units (SKUs) and to analyse affordability, brand strength, market share, and competition on the basis of location.

Our analysis across multiple clients suggests that as much as 20% of trade spends is wasted through leakages. These leakages can be plugged by the effective use of technology including analytical rules to ensure the correct classification of different retail segments. A structured approach can help



companies reduce the cost to serve by 200 to 300 basis points and free up capital for investments in disruptive opportunities.

Explore digital partnerships

To address customers' expectations and new behaviours in the aftermath of the pandemic, a go-to-market approach that leverages digital technology is critical. Companies should creatively and carefully assess partnerships with logistics and delivery providers, with B2C and B2B e-commerce businesses, with technology providers, and with companies in the broader ecosystem to unlock value through disruptive ideas.

Locally we saw several partnerships between retailers and online logistics platforms, to enable shortened delivery times of groceries for the

convenience of customers during the lockdown period. With reduced budgets and increasing cost pressures, strategic partnerships with other companies can be beneficial to all parties. Companies should be asking themselves what to build, what to partner on, and what to acquire.

Preparing for an uncertain future

The crisis is forcing companies to make structural changes in their go-to-market plans. They must, therefore, become more effective in how they respond to evolving consumer and customer needs, in navigating the competitive landscape, and in controlling the costs of doing business. Nimble organisations that can innovate and adapt digitally will be the ones that shape the new reality. **SR**

From deviation to remedy

How data lakes are key to removing friction points in the supply chain



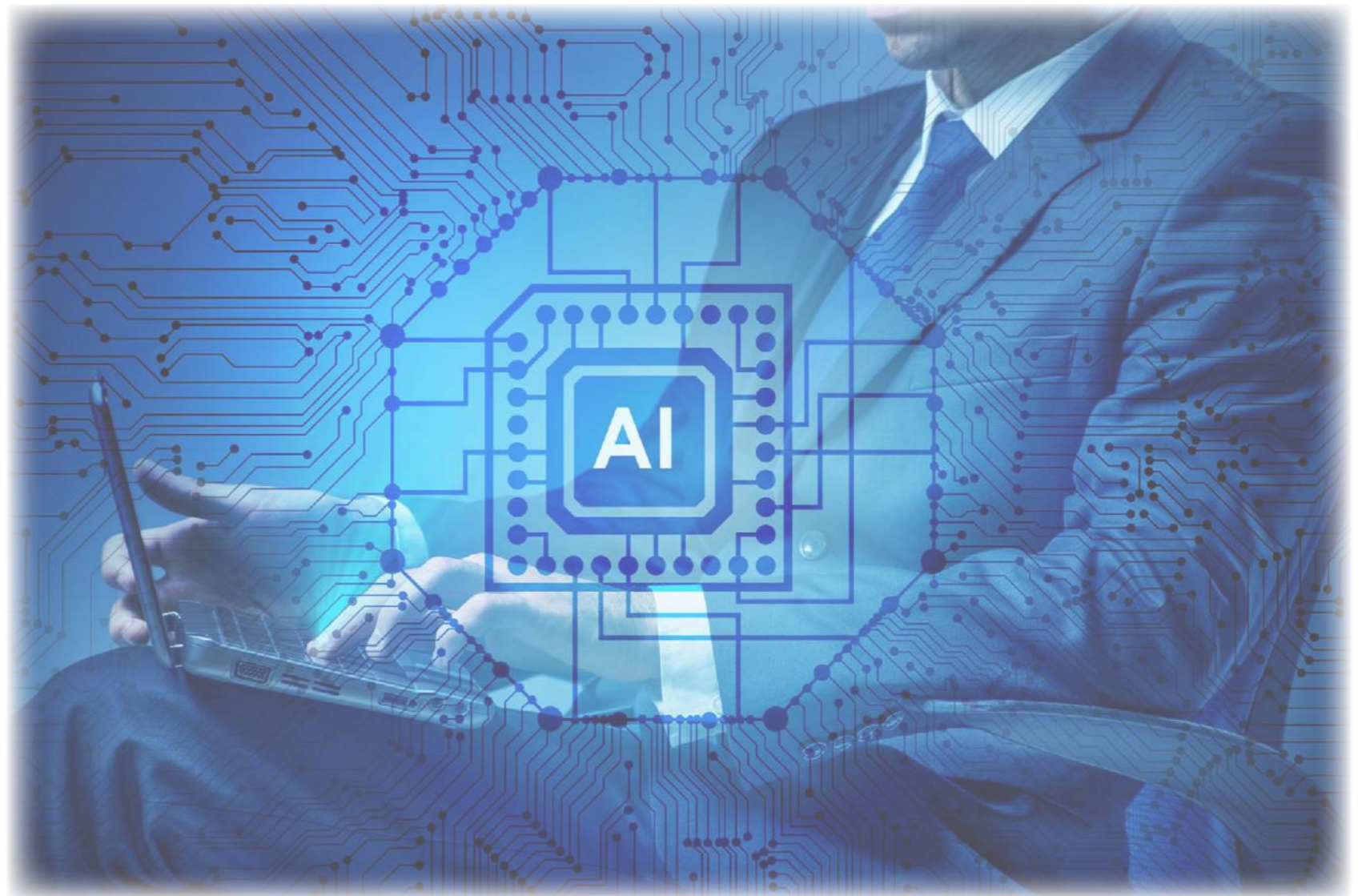
By Andrew Dawson
MD of Cognizance

The supply chain in the Fast-Moving Consumer Goods (FMCG) space has traditionally been highly

siloed, characterised by a lack of visibility across the different areas. This has resulted in minimal line of sight from the manufacturer down to the retailer, which limits insight and leads to numerous points of friction, and resultingly higher costs.

The ability to leverage interactive data sharing throughout the supply chain and mine data in real-time across touch points has, up until recently, been considered an unattainable goal.

However, the evolution of data lakes and advancements in Artificial Intelligence (AI) has the potential to change this, removing the points of friction, optimising the supply chain and ultimately enabling the holy grail of Just in Time (JIT) manufacturing.



Real-time analytics, real insights

A typical supply chain environment consists of

multiple modules, ERP platforms and third-party applications. Each of these is a silo of information,



which limits insight and line of sight across the chain. Data lakes are a simple term to describe a complex ecosystem that finally pools these disparate data sources into integrated pipelines.

This enables the data to be mined intelligently, as a holistic entity, and then visualised in a way that makes sense to the end user. This in turn delivers vital visibility across the different verticals, from warehousing to logistics, manufacturing to delivery, order generation to sales, returns and beyond.

Amalgamating this information and then analysing it in real-time empowers the supply chain with incredible insight, including trend analysis and feedback from all touch points. This in turn enables the points of friction to be identified and removed, smoothing the flow, optimising costs and maximising returns.

The advantage is in the details

Business Intelligence has always revolved around reporting and manually forecasting based on insights of static, historical data. The AI and machine learning elements behind data lakes, however, enable mining and tracking of historical patterns and extrapolating this data to more accurately predict future patterns of behaviour.

However, AI can take insight several steps further, by identifying and including a variety of other influencing macro factors that could affect the supply chain. This ranges from currency fluctuations, to political change and even the weather, all of which influence the cost of



manufacturing, buying patterns and other aspects of the supply chain. By including these factors, as well as micro factors like news sources and sentiment analysis, it is possible to obtain a highly granular and refined forecast of trends from the available data.

The advantage is in the details, but the key lies in the ability to bring all these seemingly disparate data flows into a central repository. This is the crux of the ability to deliver that all important single version of the truth.

From deviation to remedy to JIT

Understanding trends is critical to success in FMCG, as without this it is impossible to gauge demand and facilitate supply. With accurate forecasting,

it is possible to gain a much more accurate picture of both supply and demand. Where there are deviations above or below predicted trend lines, this can be remedied fast to ensure minimal supply chain disruption.

The ultimate goal is to understand what is happening in the supply chain and in the minds

and wallets of consumers

in real-time. Real-time analytics

ensures manufacturers are able to deliver

the right products to the right shelves at the

right time and at the right price. By identifying friction points in the supply chain and smoothing them, it is possible to ensure the ideal blend of cost-effective delivery to meet customer expectations – the nirvana of JIT.

The key is not necessarily about speed, but about meeting expectations, and the only way to do that is to be able to extrapolate on the data, taking multiple factors into account, to provide a proposed scenario that is the best fit for all factors.

Ultimately the goal is customer satisfaction. By optimising the supply chain to gear it toward customer fulfilment, consumers will talk with their wallets, increasing market share and maximising returns for manufacturers. **SR**

Snake oil or cure-all?

CBD's star set to rise in the face of a pandemic



Herschel Maasdorp
CEO of Cannafica

The novel Coronavirus may have wiped out whole industries in the long tail of its economic cyclone, yet it has shaken up others, leaving them

ripe for the kind of innovation that only a crisis of this magnitude can catalyse.

One industry that is primed for exponential growth in the wake of the pandemic is that of cannabis, specifically cannabidiol (CBD).

According to the World Health Organization, CBD is generally well-tolerated with a good safety profile. It is non-psychoactive and exhibits no effects indicative of any abuse or dependence potential, and is renowned for its pain-relieving, anxiety-alleviating, and sleep-promoting properties.

Says Herschel Maasdorp, CEO of Cannafica, the soon-to-launch lifestyle cannabis brand of Labat Healthcare, "CBD's role in a time of Covid is becoming ever more prominent, if the international scene is anything to go by."

Alphagreen.io, a UK-based CBD marketplace,



recently revealed that spend on CBD products in Britain surpassed £150m in the first four months of 2020, putting the market on track to achieving a staggering 50% growth when compared to the previous year.

Some are touting this boom to be a side-effect of the wholly unsubstantiated belief in certain users that CBD could possibly alter the trajectory of the Covid-19 disease.

While one Canadian study titled 'In Search of Preventative Strategies: Novel Anti-Inflammatory

High-CBD Cannabis Sativa Extracts Modulate ACE2 Expression in Covid-19 Gateway Tissues' tentatively showed that certain strains of CBD may potentially lower the risk of contracting Covid-19, the lab conducting the study was quick to caveat that far more research was needed.

Maasdorp, however, cautions the industry against suggestions of this nature, and advises that merchants "be wary of

filling the vacuum of fear wrought by the pandemic with unfounded claims, which undermines our hard-won credibility; something that the industry is still battling to establish among certain stakeholder groups."

The South African Health Products Regulatory Authority (SAHPRA) bars CBD companies from making claims that a product can 'diagnose', 'cure', 'treat', 'mitigate' or 'prevent' any medical conditions. These guidelines are in line with international guidelines, such as the Food and Drug

Administration (FDA), the United States' regulatory authority. In addition, CBD manufacturers and distributors are required to adhere to strict guidelines when developing marketing content related to CBD products, while Google's advertising policy still prohibits brands from promoting CBD products to online users.

Maasdorp admits that while certainly no cure for Corona, there's substantial evidence in support of CBD's anti-bacterial, anti-anxiety and anti-inflammatory properties, making it highly attractive in the midst of a global pandemic.

"Along with virtually every other business, the CBD industry took a knock during South Africa's initial hard lockdown in March, as consumer spending ground to a halt in the face of the proverbial rainy day, which had suddenly materialised. However, CBD retailers have since experienced a rapid recovery – particularly those with e-commerce platforms, as many consumers continue to give brick-and-mortar outlets a wide berth," he says.

He offers two reasons for this rising popularity. "Firstly, in a disease pandemic, wellness becomes a high-value currency. 'Self-care' has taken on a whole new meaning: having finally outgrown the sheet mask, it now encompasses the full spectrum of mental, emotional and physical health, cementing its place in society."

CBD has shown that it may contribute towards promoting homeostasis by boosting endocannabinoid activity, leading to a growth in demand as consumers seek to enhance their immunity.



Maasdorp says that the second reason for this growth is the sharp spike in conditions such as depression and anxiety across the country, "While wide-scale unemployment has risen around the globe, the deep fissures that already exist in our country's socio-economic fabric have been exacerbated by the pandemic."

The South African Depression and Anxiety Group (SADAG) recently reported that the number of calls to mental health and suicide hotlines had more than doubled since the beginning of lockdown, and were climbing every day.

"The post-COVID landscape is a fertile breeding ground for increased chronic stress, anxiety, depression, alcohol dependence, and self-harm." Stress management is an area where CBD shines.

One study that investigated cannabidiol as a potential treatment for anxiety disorders showed that systemically administered CBD lowered acute increases in heart rate and blood pressure. The compound also conclusively demonstrated its efficacy in mitigating anxiety-related behaviours relevant to multiple disorders, including post-traumatic stress disorder (PTSD),

generalised anxiety disorder (GAD) and seasonal affective disorder (SAD), among others, with a notable lack of anxiogenic effects.

With consumers under mounting pressure, Maasdorp believes that CBD has a valuable role to play in a post-Covid world.

"This places an even greater responsibility on us, as an industry. It is vital that we avoid making unverified or grandiose claims. We must commit to ongoing education that will empower our customers, while adhering to the parameters laid out in the regulatory framework. Remaining transparent and ethically accountable will ensure our industry's long-term viability, in a world forever changed by this pandemic." **SR**

Festive shopper journey

What retailers & brands can expect

The shopper journey is expected to change as we head into the Festive Season. This article discusses what brands and retailers need to consider as they start planning for the festive season.

Re-shaping and refreshing the way forward to avoid a festive foul-up as the pre-season is re-imagined, will be the standard approach for retailers and brands as this year there is no repeating last year's strategy

From consumers wanting brands to speak the truth and 'be in touch with reality', to online shopping being the new normal, the pressure remains on brands and retailers to maximise this final Golden Quarter of 2020 as the effects of the pandemic continue to be felt.

With more than 27% of UK shoppers planning on starting gift shopping earlier than usual this year and 34% having already purchased festive season related items such as cards, wrapping paper and presents, brands need to bed down their strategy without delay. Coupled with emerging trends based on age, with many 16-24 years olds (42%) aiming to start shopping earlier than those aged 55 and above (19%) and overall a quarter

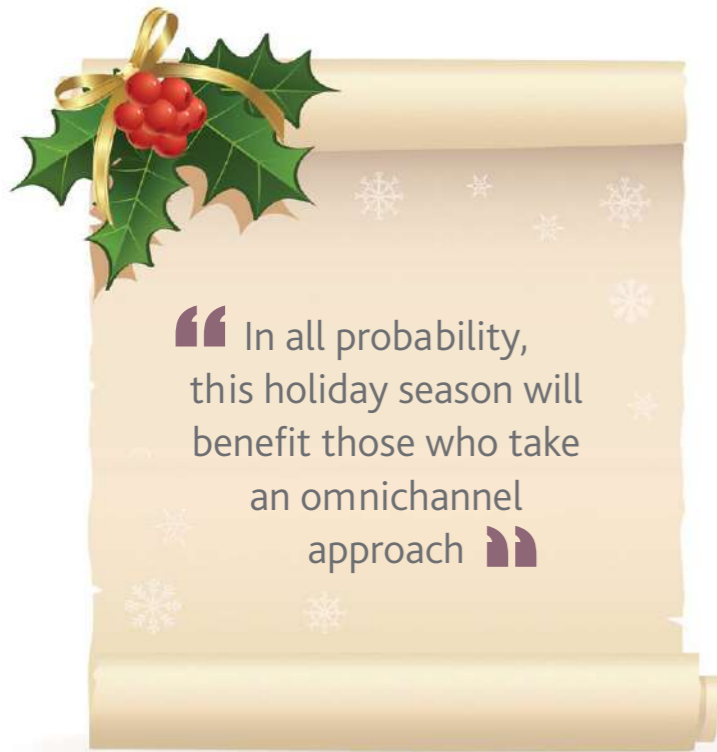


of all respondents hoping to have finished their purchases before December, the time is now. [Source: EBay]

"Never before have we had to heighten our senses to such a degree when it comes to, on the one hand being adaptable and on the other, cautionary, while maintaining our authenticity and remaining in touch with consumer realities. As we focus on the last quarter, and with indications that consumerism around the festive period is going to

start earlier this year, retailers and brands need to ensure close alignment with merchandising teams. All the while making sure communication is clear and that the best online and in-store customer experience is offered. In all probability, this holiday season will benefit those who take an omnichannel approach," says Mike Smollan, Chief Growth and Innovation Officer, Smollan.

A new international trends report from Bazaarvoice offering predictions to help retailers



plan for the final stretch for the year, found that 85% of retailers believe online sales will increase this holiday season compared to last, with 61% expecting higher engagement and/or purchasing through social media channels. Over half of brands and retailers are investing more in eCommerce website upgrades specifically with the holiday season in mind.

In recent months, the same report noted that consumers have spent a record amount of time online, with eCommerce sales spiking and online shopping accelerating customer submissions of reviews and questions this year.

This information is increasingly influencing whether shoppers decide to purchase or not, and brands must be visible in this regard to their online customer base. 48% of shoppers say brands and

retailers responding to reviews improves their odds of buying the product, and they prefer to ask brands questions via social media.

As consumers have been observed enjoying the ease of online shopping, with research finding that almost 44% of UK shoppers planning to do more of their holiday shopping online than they have done previously, many still have a strong sense of responsibility towards local businesses. 53% want to support local this year, with 55% agreeing that, if possible, they will do at least some of their holiday shopping in physical stores. Ensuring that retailers and brands have a compelling eCommerce proposition, while

supporting their physical business using on-line ads to drive off-line sales, will be crucial to their success this festive season. [Source: EBay UK Trend Report]

Furthermore, new research from Rakuten Advertising surveying APAC shoppers suggests a clear lack of intent to curb spending during peak shopping periods leading up to the holidays. Most consumers (70%) have no plans to defer shopping for major holidays despite over 40% of global peak season shoppers citing a decrease in household spend due to Covid-19.

Using the most current insights and smartest technology and creating brand awareness early on to ensure consumers are engaged, will be the key, in order to reach the right people

with the right message as consumers will want to make this festive season more traditional, more thoughtful and more meaningful than ever before. **SR**



Amplifying the customer experience

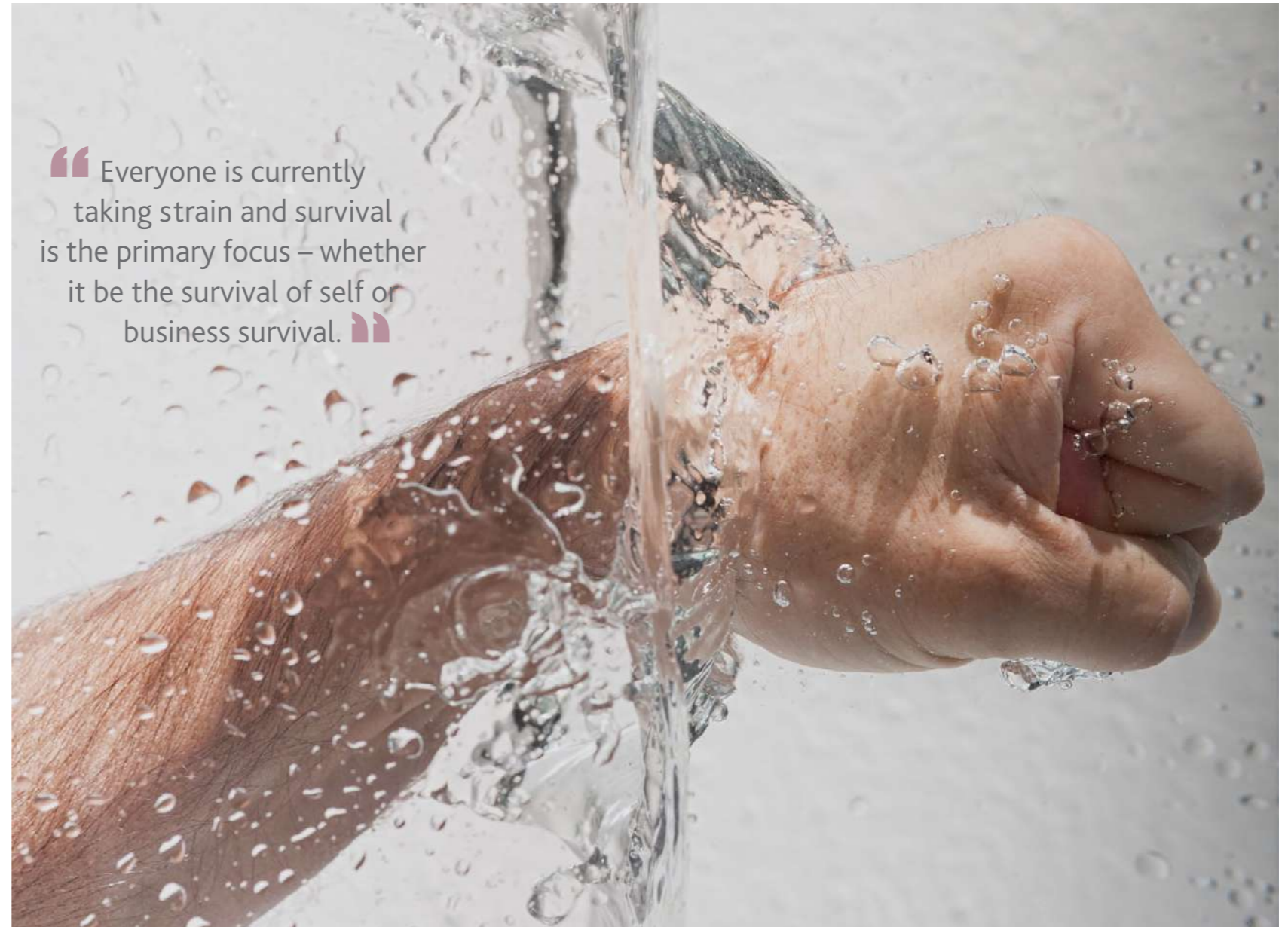


George Bourdos
VBN Consultants

The mind-boggling disruptions and chaos that Covid-19 has left in its wake will be felt for years to come, and in some cases forever. The retail and restaurant environment has been upended and with it has come a dramatic change in the customer experience (CX).

“Businesses may have previously ignored or placed less importance on CX, but now they have no choice but to make it a key element in their business strategies,” says George Bourdos, CX specialist and owner of VBN Consultants. “Everyone is currently taking strain and survival is the primary focus – whether it be the survival of self or business survival. Today the human factor in business is core and has become synonymous with care. More than ever before, the customer’s perception of the retailer really matters now.

Current day customers are fearful and need to be reassured that the space they are entering is a safe one and that the utmost care is being



“ Everyone is currently taking strain and survival is the primary focus – whether it be the survival of self or business survival. ”

taken to ensure their wellbeing. It is essential that all safety measures are visible – are staff wearing masks, are sanitizers being applied on entry, and are social distancing markers visible and being observed? Whilst the physical

customer experience continues to be strictly monitored even as lockdown relaxes, the questions being asked are will new shopping patterns emerge and will new behavioural trends be established in this new normal?



“ Whilst the customer journey in-store today is dramatically different from pre-Covid times, it must be remembered that this isn't the first time that retailers and restaurants have had to comply with statutory regulation changes. ”

The smoking ban in South Africa in the '90's was an enormous adjustment, whilst changes such as eco-friendly shopping bags, paper straws, HCCPP regulations and the like continue to be incorporated into the operational standards of many businesses. It is likely that some Covid-19 regulations will morph into the operational fabric and become part of the new normal.

Even though the virus will be around for some time, customers still need to be welcomed as humans, as opposed to 'specimen carrying germs.' The primary purpose of frontline teams will be to connect with the customer, build a relationship and make the customer feel more valued than in the past. A warm welcome with your eyes is essential as our smiles are mostly hidden. There is no doubt though that brands will continue to seek new ways of enhancing the customer experience and that alternative service offerings will emerge with innovations driving new business growth.

Whilst Covid has placed strain on the traditional retailer, so too has the online customer experience. In the past, traditional retailers relied heavily on physical retail space and some also enjoyed an online alternative, which unfortunately wasn't given the focused attention it deserved. In fact, some retailers viewed this option as a 'nice to have'. It is now those same retail groups that are playing catch-up to be on a par or surpass the leaders such as a Take-a-lot, Uber, or internationally, Amazon, Nike or Apple.

The online customer experience can make or break a future relationship with a brand or

retail outlet. It is essential that all elements work together and that the ordering services are streamlined and easy to navigate. Brands should ensure that they offer alternative methods of delivery and drop-off solutions (including gate and entrance drops for when the customer isn't at home), quicker turnaround times, slick exchange and return policies, and most importantly knowledge of stock availability.

I recently ordered a reputable dishwasher brand online from a large national retailer that facilitated the purchase, received the payment, and promised a delivery date. A week later no delivery had arrived, the order had been cancelled and the money returned with no explanation given. It was at this point that I queried the status, only to be informed that no stock was available! What a shocker!

Even though the online experience is generally automated and should be a seamless transaction, the importance of the human factor is highlighted when something goes wrong, and the customer has to interact with a person in order to find a solution. It is those brands that excel in this part of the customer journey that will attract repeat sales and build a reputation of having a 'solutions driven offering'.

With the earth-shattering arrival of Covid, many people lost their jobs overnight, salaries were slashed, businesses shut their doors and disposable income shrunk to levels not seen since the Great Depression in the early 1930s. We were told to stay at home and keep safe, and even though we



are over the worst, customers have become very selective about what restaurants, retail outlets and other non-essential service venues they will go to, depending on affordability, Covid care and whether or not it will be a worthwhile experience. Once they have decided, they will automatically limit the time they spend there.

At the start of lock-down it was predicted that customers would fall into one of four groups. Now based on our own personal relationships with business associates, friends, and family we have real-time confirmation, as well as the related customer segmentation categories (SevenRooms May 2020):

- The customer who doesn't want to go out/dine out and prefers a home delivery, kerbside or store pick-up
- The customer who wants to go out/dine out, but is nervous, and makes an online reservation, uses the virtual waiting-list and accesses the digital menu
- The customer who wants to go out/dine out in a safe and contactless way
- The customer who is care-free and ready to get back to normal

When Covid ensnared the world, the indomitable human spirit came out in full force! Business survival is key – from large corporates to the one-man operation – change has been the only constant. Business

zoom calls of 'dress up the top half and dress down the bottom' have kept group meetings alive. Growth in the DIY sector has soared with households undertaking home improvements and maintenance during lockdown. Hairstylists, beauty therapists and manicurists have made 'olden-day' type house-calls to their clients, whilst customer experiences, the world over, have been completely altered from what they were before.

But a caution goes out to businesses and brand champions who think that the old conventional methodology will yield the same ROI as before, it won't. No longer will developing a great outdoor advertising campaign, or a 30-second TV ad campaign, do the trick. Marketers and business owners will need to redirect some of their brand-building funds to real investment in employee experience and customer experience. These are the elements that will make a sustainable difference to the brands that survive and thrive.

Whilst the business future is uncertain, it is imperative that a finger is kept on the pulse of the brand or company. A benchmark should be established so that the regular customer experience can be mapped, enhanced, and measured on an ongoing basis. It is important to stay attuned to progress, know where the touch points are and identify future opportunities. **SR**

